

The undervaluation has narrowed

Marimekko releases its Q2 result on Wednesday. The company delivered strong Q1 result, and we expect the trend to continue also in Q2. The demand for lifestyle products has been favorable in H1, but strong comparison figures, low consumer trust, and an inflationary environment might affect the magnitude of H2 growth.

Demand still strong, inflation kicks in during H2 and 2023

The demand for fashion and lifestyle products has been strong in H1. We see the trend especially in fashion, bags, and accessories where the consumers have been renewing their wardrobe collections after COVID-19 lockdowns. In addition, Marimekko has consistently grown its brand awareness abroad which can be seen in a strong international growth. However, we see the inflation starting to kick in during H2 and 2023, and with the combination of low consumer trust and strong comparison figures, we see the growth slowing down in H2.

Q2 is driven by both domestic and international growth

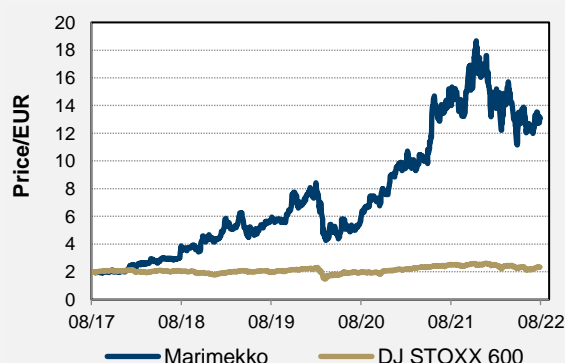
We made no changes to our estimates ahead of the Q2 result. In Q2, with the favorable market environment, we expect revenue to amount to EUR 37.0m driven by domestic growth of 12% and international growth of 15%. We expect all markets, except North America, to see double-digit growth in Q2. We expect adj. EBIT to improve y/y to EUR 5.3m, but adj. EBIT margin of 14.3% to fall below the comparison period driven by softer gross margin and increased fixed costs. Our 2022 topline estimate is EUR 167.7m (+10% y/y) and EBIT is EUR 32.5m (19.4% margin). The company expects its 2022 revenue to be higher than that of the comparison period and its EBIT margin to land within the range of 17-20%.

HOLD (BUY) with a target price of EUR 14.5

Marimekko is valued with 22-23E EV/EBIT multiples of 16-14.5x and 22-23E P/E multiples of 21-20x. The current valuation is quite neutral, but most of the undervaluation has shrunk since our last update. In our view, the visibility of H2 is somewhat uncertain and with inflation starting to kick in, we see that consumer demand could be diluted or skewing towards lower price point lifestyle goods. We downgrade our rating to HOLD (prev. BUY) and retain TP of EUR 14.5.

Rating

■ HOLD



| | |
|---|-------------------------------------|
| Share price, EUR (Last trading day's closing price) | 13.06 |
| Target price, EUR | 14.5 |
| Latest change in recommendation | 14-Aug-22 |
| Latest report on company | 14-May-22 |
| Research paid by issuer: | YES |
| No. of shares | 40,621 |
| No. of shares fully | 40,621 |
| Market cap, EURm | 531 |
| Free float, % | 73.7 |
| Exchange rate | 0.000 |
| Reuters code | MEKKO.HE |
| Bloomberg code | MEKKO FH |
| Average daily volume, | 0.0 |
| Next interim report | 17-Aug-22 |
| Web site | company.marimekko.com/en/investors/ |
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| Telephone | |

■ BUY ■ HOLD ■ SELL

KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|--------------------------|---------------|--------------|-----------|-------------------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2020 | 123.6 | 18.8 | 15.2% | 13.6 | 0.33 | 27.8 | 3.0 | 19.6 | 3.7 | 0.20 |
| 2021 | 152.2 | 31.3 | 20.5% | 31.2 | 0.60 | 28.3 | 4.4 | 21.2 | 4.5 | 0.72 |
| 2022E | 167.7 | 32.5 | 19.4% | 13.1 | 0.63 | 20.8 | 3.1 | 16.0 | 2.5 | 0.35 |
| 2023E | 180.2 | 35.3 | 19.6% | 22.6 | 0.66 | 19.8 | 2.8 | 14.5 | 4.3 | 0.36 |
| 2024E | 192.3 | 35.6 | 18.5% | 23.5 | 0.68 | 19.3 | 2.6 | 14.1 | 4.4 | 0.44 |
| Market cap, EURm | | | 531 | Gearing 2022E, % | | -16.6 | CAGR EPS 2021-24, % | | | 4.0 |
| Net debt 2022E, EURm | | | -11 | Price/book 2022E | | 8.1 | CAGR sales 2021-24, % | | | 8.1 |
| Enterprise value, EURm | | | 520 | Dividend yield 2022E, % | | 2.6 | ROE 2022E, % | | | 37.8 |
| Total assets 2022E, EURm | | | 146 | Tax rate 2022E, % | | 20.5 | ROCE 2022E, % | | | 31.0 |
| Goodwill 2022E, EURm | | | 0 | Equity ratio 2022E, % | | 45.0 | PEG, P/E 22/CAGR | | | 5.5 |

Peer group valuation

| | MCAP local FX | EV/EBITDA | | EV/EBIT | | P/E | | Equity ratio | |
|---|------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 22 | 23 | 22 | 23 | 22 | 23 | 22 | 23 |
| Premium goods | | | | | | | | | |
| Bjorn Borg AB | 978 | 6.1x | 5.4x | 8.1x | 6.5x | 11.3x | 9.8x | 51% | 54% |
| HUGO BOSS AG | 4013 | 6.7x | 5.5x | 14.7x | 11.6x | 20.5x | 17.4x | 37% | 40% |
| Capri Holdings Limited | 7369 | 6.3x | 5.4x | 7.5x | 6.4x | 7.6x | 7.1x | 37% | 43% |
| Ralph Lauren Corporation Class A | 6892 | 6.6x | 6.3x | 8.7x | 8.2x | 12.7x | 11.2x | 34% | 34% |
| Ted Baker PLC | 164 | 8.2x | | | | | 88.9x | | |
| PVH Corp. | 4618 | 4.9x | 4.2x | 6.5x | 5.6x | 8.0x | 7.0x | 46% | 48% |
| Guess?, Inc. | 1225 | 3.3x | 3.1x | 4.1x | 3.7x | 7.3x | 6.0x | | |
| Joules Group Plc | 47 | 3.8x | 3.1x | 12.2x | 9.1x | 10.1x | 6.3x | 22% | 23% |
| Luxury goods | | | | | | | | | |
| Brunello Cucinelli S.p.A. | 3852 | 18.5x | 16.0x | 39.1x | 32.6x | 55.5x | 48.0x | 40% | 42% |
| Burberry Group plc | 7072 | 6.6x | 6.4x | 10.2x | 9.8x | 15.6x | 14.8x | 42% | 45% |
| Hermes International SCA | 144050 | 28.6x | 25.5x | 32.6x | 29.0x | 49.3x | 44.4x | 65% | 68% |
| Moncler SpA | 13275 | 12.6x | 10.8x | 17.0x | 14.6x | 24.5x | 22.3x | 63% | 65% |
| Prada S.p.A. | 115659 | 10.8x | 9.5x | 21.2x | 17.4x | 32.8x | 26.3x | 46% | 47% |
| Salvatore Ferragamo S.p.A. | 2963 | 11.4x | 12.5x | 28.4x | 38.8x | 45.1x | 68.0x | 44% | 44% |
| Premium goods median | 2619 | 6.2x | 5.4x | 8.1x | 6.5x | 10.1x | 8.4x | 37% | 42% |
| Luxury goods median | 10173 | 12.0x | 11.7x | 24.8x | 23.2x | 39.0x | 35.3x | 45% | 46% |
| Marimekko (Evli est.) | 531 | 12.2x | 10.5x | 16.0x | 14.5x | 20.8x | 19.8x | 45% | 50% |
| <i>Marimekko premium vs. premium goods median</i> | | <i>96%</i> | <i>96%</i> | <i>98%</i> | <i>123%</i> | <i>105%</i> | <i>136%</i> | <i>21%</i> | <i>19%</i> |
| <i>Marimekko premium vs. luxury goods median</i> | | <i>2%</i> | <i>-10%</i> | <i>-36%</i> | <i>-38%</i> | <i>-47%</i> | <i>-44%</i> | <i>0%</i> | <i>8%</i> |
| | Ticker | Dividend yield | | EBIT margin | | ROCE-% | | ROE-% | |
| | | 22 | 23 | 22 | 23 | 22 | 23 | 22 | 23 |
| Premium goods | | | | | | | | | |
| Bjorn Borg AB | BORG-SE | 6.1% | 6.1% | 13.6% | 15.1% | 23.5% | 25.7% | 14.5% | 16.7% |
| HUGO BOSS AG | BOSS-DE | 1.9% | 2.4% | 9.1% | 9.8% | 17.7% | 18.7% | 18.1% | 18.4% |
| Capri Holdings Limited | CPRI-US | 0.0% | 0.0% | 18.0% | 18.4% | 16.6% | 16.9% | 31.8% | 27.1% |
| Ralph Lauren Corporation Class A | RL-US | 3.1% | 3.2% | 12.2% | 12.5% | 13.7% | 13.7% | 22.1% | 23.6% |
| Ted Baker PLC | TED-GB | 0.0% | 0.0% | | | | | | |
| PVH Corp. | PVH-US | 0.1% | 0.2% | 9.7% | 10.0% | 8.8% | 9.2% | 10.6% | 10.9% |
| Guess?, Inc. | GES-US | | | 10.3% | 11.5% | | | 41.3% | 41.4% |
| Joules Group Plc | JOUL-GB | 0.0% | 4.0% | 3.0% | 3.6% | 13.9% | 17.8% | 8.1% | 11.0% |
| Luxury goods | | | | | | | | | |
| Brunello Cucinelli S.p.A. | BC-IT | 0.9% | 1.0% | 13.5% | 13.9% | | | 19.4% | 20.0% |
| Burberry Group plc | BRBY-GB | 3.0% | 3.3% | 19.6% | 19.8% | 19.2% | 18.9% | 28.4% | 26.1% |
| Hermes International SCA | RMS-FR | 0.7% | 0.8% | 38.9% | 39.1% | 28.4% | 26.9% | 25.6% | 23.7% |
| Moncler SpA | MONC-IT | 1.6% | 1.7% | 30.0% | 30.5% | 20.9% | 21.3% | 19.0% | 18.4% |
| Prada S.p.A. | 1913-HK | 2.0% | 2.5% | 17.9% | 19.5% | 11.9% | 13.8% | 13.2% | 15.3% |
| Salvatore Ferragamo S.p.A. | SFER-IT | 1.4% | 1.0% | 9.3% | 6.4% | 8.5% | 6.3% | 8.5% | 5.6% |
| Premium goods median | | 0.1% | 2.4% | 10.3% | 11.5% | 15.2% | 17.3% | 18.1% | 18.4% |
| Luxury goods median | | 1.5% | 1.4% | 18.7% | 19.7% | 19.2% | 18.9% | 19.2% | 19.2% |
| Marimekko (Evli est.) | | 2.6% | 2.8% | 19.4% | 19.6% | 31.0% | 30.7% | 37.8% | 37.1% |

Source: Factset, Evli Research

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC | |
|--------------------------|----------------------------|-------------------------|--------------------------------|------|
| Current share price | 13.06 PV of Free Cash Flow | 309 Long-term growth, % | 2.0 Risk-free interest rate, % | 2.25 |
| DCF share value | 19.98 PV of Horizon value | 505 WACC, % | 7.5 Market risk premium, % | 5.8 |
| Share price potential, % | 53.0 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % | 3.3 |
| Maximum value | 22.0 Marketable securities | 60 Minimum WACC, % | 7.0 Equity beta coefficient | 0.80 |
| Minimum value | 18.3 Debt - dividend | -62 Maximum WACC, % | 8.0 Target debt ratio, % | 20 |
| Horizon value, % | 62.0 Value of stock | 812 Nr of shares, Mn | 40.6 Effective tax rate, % | 25 |

| DCF valuation, EURm | 2021 | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | Horizon |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 152 | 168 | 180 | 192 | 205 | 219 | 232 | 244 | 251 | 259 | 264 | 269 |
| <i>Sales growth, %</i> | <i>23.2</i> | <i>10.1</i> | <i>7.4</i> | <i>6.8</i> | <i>6.5</i> | <i>7.0</i> | <i>6.0</i> | <i>5.0</i> | <i>3.0</i> | <i>3.0</i> | <i>2.0</i> | <i>2.0</i> |
| Operating income (EBIT) | 31 | 33 | 35 | 36 | 37 | 38 | 39 | 41 | 43 | 44 | 45 | 46 |
| <i>Operating income margin, %</i> | <i>20.5</i> | <i>19.4</i> | <i>19.6</i> | <i>18.5</i> | <i>18.0</i> | <i>17.5</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> |
| + Depreciation+amort. | 12 | 10 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 19 | 20 | |
| EBITDA | 43 | 42 | 48 | 49 | 52 | 54 | 56 | 59 | 61 | 63 | 65 | |
| - Paid taxes | -4 | -7 | -7 | -7 | -7 | -8 | -8 | -8 | -9 | -9 | -9 | |
| - Change in NWC | -2 | -2 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | 0 | |
| <i>NWC / Sales, %</i> | <i>6.4</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | |
| + Change in other liabs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Operative CAPEX | -1 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | |
| <i>opCAPEX / Sales, %</i> | <i>3.1</i> | <i>12.1</i> | <i>9.1</i> | <i>8.8</i> | <i>8.7</i> | <i>8.8</i> | <i>8.7</i> | <i>8.5</i> | <i>8.2</i> | <i>8.2</i> | <i>7.8</i> | |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Other items | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| = FCFF | 35 | 31 | 39 | 40 | 42 | 43 | 45 | 48 | 50 | 52 | 54 | 995 |
| = Discounted FCFF | | 30 | 35 | 33 | 32 | 32 | 31 | 30 | 29 | 28 | 27 | 505 |
| = DFCF min WACC | | 31 | 35 | 34 | 33 | 32 | 32 | 31 | 30 | 29 | 28 | 580 |
| = DFCF max WACC | | 30 | 35 | 33 | 32 | 31 | 30 | 29 | 28 | 27 | 26 | 443 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2021Q1 | 2021Q2 | 2021Q3 | 2021Q4 | 2021 | 2022Q1 | 2022Q2E | 2022Q3E | 2022Q4E | 2022E | 2023E | 2024E |
|--------------------------------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Net sales | 29.1 | 32.7 | 42.4 | 48.1 | 152.2 | 36.0 | 37.0 | 45.1 | 49.6 | 167.7 | 180.2 | 192.3 |
| EBITDA | 8.6 | 8.0 | 16.2 | 10.6 | 43.3 | 9.1 | 7.8 | 15.0 | 10.6 | 42.5 | 48.5 | 49.3 |
| <i>EBITDA margin (%)</i> | <i>29.6</i> | <i>24.4</i> | <i>38.1</i> | <i>22.0</i> | <i>28.5</i> | <i>25.3</i> | <i>21.0</i> | <i>33.3</i> | <i>21.3</i> | <i>25.3</i> | <i>26.9</i> | <i>25.6</i> |
| EBIT | 5.6 | 4.9 | 13.1 | 7.6 | 31.3 | 6.6 | 5.3 | 12.5 | 8.1 | 32.5 | 35.3 | 35.6 |
| <i>EBIT margin (%)</i> | <i>19.3</i> | <i>14.9</i> | <i>31.0</i> | <i>15.9</i> | <i>20.5</i> | <i>18.4</i> | <i>14.3</i> | <i>27.8</i> | <i>16.4</i> | <i>19.4</i> | <i>19.6</i> | <i>18.5</i> |
| Net financial items | -0.1 | -0.2 | 0.0 | 0.0 | -0.4 | -0.1 | -0.1 | -0.1 | -0.1 | -0.4 | -1.8 | -1.2 |
| Pre-tax profit | 5.5 | 4.7 | 13.1 | 7.6 | 30.8 | 6.5 | 5.2 | 12.4 | 8.0 | 32.1 | 33.4 | 34.4 |
| Tax | -1.1 | -1.0 | -2.6 | -1.7 | -6.4 | -1.5 | -1.0 | -2.5 | -1.6 | -6.6 | -6.7 | -6.9 |
| <i>Tax rate (%)</i> | <i>19.6</i> | <i>21.8</i> | <i>19.9</i> | <i>22.6</i> | <i>20.8</i> | <i>22.6</i> | <i>20.0</i> | <i>20.0</i> | <i>20.0</i> | <i>20.5</i> | <i>20.0</i> | <i>20.0</i> |
| Net profit | 4.4 | 3.6 | 10.5 | 5.9 | 24.4 | 5.0 | 4.1 | 9.9 | 6.4 | 25.5 | 26.7 | 27.5 |
| EPS | 0.11 | 0.09 | 0.26 | 0.14 | 0.60 | 0.12 | 0.10 | 0.24 | 0.16 | 0.63 | 0.66 | 0.68 |
| EPS adjusted (diluted no. of shares) | 0.11 | 0.09 | 0.26 | 0.14 | 0.60 | 0.12 | 0.10 | 0.24 | 0.16 | 0.63 | 0.66 | 0.68 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.35 | 0.36 | 0.44 |
| SALES, EURm | | | | | | | | | | | | |
| Finland | 14.5 | 18.4 | 28.8 | 30.6 | 92.3 | 18.5 | 20.5 | 30.1 | 31.1 | 100.2 | 106.1 | 109.8 |
| Scandinavia | 2.4 | 2.9 | 2.9 | 4.4 | 12.7 | 3.0 | 3.4 | 3.1 | 4.3 | 13.8 | 14.7 | 15.7 |
| EMEA | 4.1 | 3.0 | 2.7 | 3.1 | 12.9 | 5.5 | 3.4 | 3.0 | 3.4 | 15.2 | 16.2 | 17.4 |
| North America | 1.4 | 2.2 | 2.0 | 2.7 | 8.4 | 1.8 | 2.5 | 2.2 | 2.8 | 9.3 | 10.1 | 11.4 |
| Asia Pacific | 6.6 | 6.3 | 5.9 | 7.2 | 26.0 | 7.3 | 7.2 | 6.6 | 8.0 | 29.1 | 33.1 | 38.0 |
| Total | 29.1 | 32.7 | 42.4 | 48.1 | 152.2 | 36.0 | 37.0 | 45.1 | 49.6 | 167.7 | 180.2 | 192.3 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| <i>Finland</i> | <i>6.9</i> | <i>61.5</i> | <i>25.3</i> | <i>31.9</i> | <i>29.7</i> | <i>27.3</i> | <i>11.7</i> | <i>4.7</i> | <i>1.6</i> | <i>8.6</i> | <i>5.9</i> | <i>3.5</i> |
| <i>Scandinavia</i> | <i>16.0</i> | <i>53.3</i> | <i>4.3</i> | <i>39.6</i> | <i>27.3</i> | <i>22.8</i> | <i>18.0</i> | <i>7.7</i> | <i>-2.5</i> | <i>9.3</i> | <i>6.0</i> | <i>6.8</i> |
| <i>EMEA</i> | <i>51.5</i> | <i>-9.6</i> | <i>-32.1</i> | <i>-21.1</i> | <i>-7.5</i> | <i>33.5</i> | <i>15.5</i> | <i>9.5</i> | <i>7.3</i> | <i>18.0</i> | <i>6.2</i> | <i>7.9</i> |
| <i>North America</i> | <i>-9.8</i> | <i>51.0</i> | <i>24.9</i> | <i>56.8</i> | <i>30.8</i> | <i>25.7</i> | <i>9.3</i> | <i>9.4</i> | <i>4.9</i> | <i>10.8</i> | <i>9.0</i> | <i>12.0</i> |
| <i>Asia Pacific</i> | <i>34.7</i> | <i>17.9</i> | <i>-10.4</i> | <i>36.2</i> | <i>17.5</i> | <i>10.2</i> | <i>15.1</i> | <i>11.8</i> | <i>10.8</i> | <i>11.9</i> | <i>13.8</i> | <i>15.0</i> |
| Total | 16.9 | 40.3 | 11.5 | 28.7 | 23.2 | 23.8 | 13.1 | 6.4 | 3.2 | 10.1 | 7.4 | 6.8 |
| EBIT, EURm | | | | | | | | | | | | |
| Finland | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.3 |
| Scandinavia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.9 |
| EMEA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.2 |
| North America | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.1 |
| Asia Pacific | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.0 |
| Group (EBIT only) | 5.6 | 4.9 | 13.1 | 7.6 | 31.3 | 6.6 | 5.3 | 12.5 | 8.1 | 32.5 | 35.3 | 0.0 |
| Total | 5.6 | 4.9 | 13.1 | 7.6 | 31.3 | 6.6 | 5.3 | 12.5 | 8.1 | 32.5 | 35.3 | 35.6 |
| EBIT margin, % | | | | | | | | | | | | |
| <i>Finland</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>18.5</i> |
| <i>Scandinavia</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>18.5</i> |
| <i>EMEA</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>18.5</i> |
| <i>North America</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>18.5</i> |
| <i>Asia Pacific</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>18.5</i> |
| Total | 19.3 | 14.9 | 31.0 | 15.9 | 20.5 | 18.4 | 14.3 | 27.8 | 16.4 | 19.4 | 19.6 | 18.5 |

| INCOME STATEMENT, EURm | 2017 | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sales | 102.3 | 111.9 | 125.4 | 123.6 | 152.2 | 167.7 | 180.2 | 192.3 |
| <i>Sales growth (%)</i> | <i>2.7</i> | <i>9.3</i> | <i>12.1</i> | <i>-1.5</i> | <i>23.2</i> | <i>10.1</i> | <i>7.4</i> | <i>6.8</i> |
| EBITDA | 11.9 | 14.6 | 29.7 | 31.3 | 43.3 | 42.5 | 48.5 | 49.3 |
| <i>EBITDA margin (%)</i> | <i>11.6</i> | <i>13.1</i> | <i>23.7</i> | <i>25.4</i> | <i>28.5</i> | <i>25.3</i> | <i>26.9</i> | <i>25.6</i> |
| Depreciation | -3.3 | -2.4 | -12.6 | -12.6 | -12.1 | -9.9 | -13.2 | -13.7 |
| EBITA | 8.6 | 12.2 | 17.1 | 18.8 | 31.3 | 32.5 | 35.3 | 35.6 |
| Goodwill amortization / writedown | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 8.6 | 12.2 | 17.1 | 18.8 | 31.3 | 32.5 | 35.3 | 35.6 |
| <i>EBIT margin (%)</i> | <i>8.4</i> | <i>10.9</i> | <i>13.6</i> | <i>15.2</i> | <i>20.5</i> | <i>19.4</i> | <i>19.6</i> | <i>18.5</i> |
| Reported EBIT | 8.4 | 12.2 | 17.1 | 18.0 | 31.3 | 32.5 | 35.3 | 35.6 |
| <i>EBIT margin (reported) (%)</i> | <i>8.2</i> | <i>10.9</i> | <i>13.6</i> | <i>14.5</i> | <i>20.5</i> | <i>19.4</i> | <i>19.6</i> | <i>18.5</i> |
| Net financials | -1.2 | -0.2 | -1.0 | -1.8 | -0.4 | -0.4 | -1.8 | -1.2 |
| Pre-tax profit | 7.4 | 12.1 | 16.1 | 17.0 | 30.8 | 32.1 | 33.4 | 34.4 |
| Taxes | -1.5 | -3.9 | -3.1 | -3.7 | -6.4 | -6.6 | -6.7 | -6.9 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 5.7 | 8.2 | 13.0 | 12.5 | 24.4 | 25.5 | 26.7 | 27.5 |
| Cash NRIs | -0.2 | 0.0 | 0.0 | -0.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-cash NRIs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 13 | 5 | 5 | 5 | 5 | 6 | 6 | 7 |
| Goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Right of use assets | 0 | 37 | 36 | 37 | 29 | 39 | 41 | 44 |
| Inventory | 21 | 22 | 23 | 22 | 26 | 30 | 32 | 35 |
| Receivables | 7 | 7 | 7 | 8 | 12 | 12 | 13 | 13 |
| Liquid funds | 6 | 23 | 26 | 41 | 60 | 59 | 63 | 74 |
| Total assets | 47 | 94 | 97 | 114 | 133 | 146 | 157 | 174 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 31 | 40 | 39 | 52 | 69 | 66 | 78 | 91 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 0 | 37 | 36 | 37 | 30 | 39 | 41 | 44 |
| Deferred taxes | 1 | 1 | 2 | 1 | 3 | 3 | 3 | 3 |
| Interest bearing debt | 3 | 0 | 2 | 2 | 2 | 9 | 2 | 2 |
| Non-interest bearing current liabilities | 13 | 16 | 18 | 22 | 28 | 30 | 32 | 35 |
| Other interest-free debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 47 | 94 | 97 | 114 | 133 | 146 | 157 | 174 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 12 | 15 | 30 | 31 | 43 | 42 | 48 | 49 |
| - Net financial items | -1 | 0 | -1 | -2 | 0 | 0 | -2 | -1 |
| - Taxes | -2 | -3 | -3 | -6 | -4 | -7 | -7 | -7 |
| - Increase in Net Working Capital | 0 | 2 | 3 | 3 | -2 | -2 | -1 | -1 |
| +/- Other | 1 | 0 | 0 | 0 | -1 | 0 | 0 | 0 |
| = Cash flow from operations | 10 | 12 | 29 | 27 | 36 | 33 | 39 | 40 |
| - Capex | -1 | -1 | -11 | -14 | -5 | -20 | -16 | -17 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 11 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Free cash flow | 9 | 22 | 18 | 14 | 31 | 13 | 23 | 23 |
| +/- New issues/buybacks | 0 | 5 | 1 | 8 | 1 | 0 | 0 | 0 |
| - Paid dividend | -3 | -4 | -15 | -7 | -8 | -29 | -14 | -15 |
| +/- Other | -3 | -6 | -1 | 0 | -5 | 15 | -4 | 2 |
| Change in cash | 3 | 17 | 3 | 15 | 19 | -1 | 4 | 11 |

| KEY FIGURES | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|--------|--------|--------|--------|--------|--------|--------|
| M-cap | 168 | 291 | 369 | 691 | 531 | 531 | 531 |
| Net debt (excl. convertibles) | 14 | 12 | -2 | -27 | -11 | -20 | -28 |
| Enterprise value | 182 | 303 | 368 | 664 | 520 | 511 | 502 |
| Sales | 112 | 125 | 124 | 152 | 168 | 180 | 192 |
| EBITDA | 15 | 30 | 31 | 43 | 42 | 48 | 49 |
| EBIT | 12 | 17 | 19 | 31 | 33 | 35 | 36 |
| Pre-tax | 12 | 16 | 17 | 31 | 32 | 33 | 34 |
| Earnings | 8 | 13 | 13 | 24 | 26 | 27 | 28 |
| Equity book value (excl. minorities) | 40 | 39 | 52 | 69 | 66 | 78 | 91 |
| Valuation multiples | | | | | | | |
| EV/sales | 1.6 | 2.4 | 3.0 | 4.4 | 3.1 | 2.8 | 2.6 |
| EV/EBITDA | 12.4 | 10.2 | 11.7 | 15.3 | 12.2 | 10.5 | 10.2 |
| EV/EBITA | 14.9 | 17.7 | 19.6 | 21.2 | 16.0 | 14.5 | 14.1 |
| EV/EBIT | 14.9 | 17.7 | 19.6 | 21.2 | 16.0 | 14.5 | 14.1 |
| EV/OCF | 14.9 | 10.5 | 13.4 | 18.5 | 15.5 | 13.1 | 12.4 |
| EV/FCFF | 8.4 | 10.7 | 14.2 | 18.8 | 16.6 | 13.1 | 12.7 |
| P/FCFE | 38.8 | 82.4 | 135.3 | 110.9 | 40.4 | 23.4 | 22.6 |
| P/E | 20.5 | 22.3 | 27.8 | 28.3 | 20.8 | 19.8 | 19.3 |
| P/B | 4.2 | 7.5 | 7.1 | 10.0 | 8.1 | 6.8 | 5.8 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 13.6 | 11.7 | 11.4 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 17.8 | 16.2 | 15.8 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | 44.1 | 25.2 | 23.9 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 9.0 | 7.5 | 6.5 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 23.1 | 22.0 | 21.4 |
| Per share measures | | | | | | | |
| Number of shares | 40,448 | 40,649 | 40,549 | 40,549 | 40,621 | 40,621 | 40,621 |
| Number of shares (diluted) | 40,448 | 40,649 | 40,549 | 40,549 | 40,621 | 40,621 | 40,621 |
| EPS | 0.20 | 0.32 | 0.33 | 0.60 | 0.63 | 0.66 | 0.68 |
| Operating cash flow per share | 0.30 | 0.71 | 0.68 | 0.89 | 0.82 | 0.96 | 0.99 |
| Free cash flow per share | 0.54 | 0.43 | 0.34 | 0.77 | 0.32 | 0.56 | 0.58 |
| Book value per share | 0.99 | 0.96 | 1.29 | 1.71 | 1.62 | 1.93 | 2.25 |
| Dividend per share | 0.37 | 0.18 | 0.20 | 0.72 | 0.35 | 0.36 | 0.44 |
| Dividend payout ratio, % | 182.6 | 56.1 | 60.9 | 119.6 | 55.0 | 55.0 | 65.0 |
| Dividend yield, % | 8.9 | 2.5 | 2.2 | 4.2 | 2.6 | 2.8 | 3.4 |
| FCF yield, % | 12.9 | 6.1 | 3.7 | 4.5 | 2.5 | 4.3 | 4.4 |
| Efficiency measures | | | | | | | |
| ROE | 23.2 | 33.1 | 29.2 | 40.1 | 37.8 | 37.1 | 32.4 |
| ROCE | 22.2 | 22.7 | 22.9 | 33.0 | 31.0 | 30.7 | 28.3 |
| Financial ratios | | | | | | | |
| Inventories as % of sales | 19.8 | 18.0 | 18.2 | 17.1 | 18.0 | 18.0 | 18.0 |
| Receivables as % of sales | 6.2 | 5.3 | 6.6 | 7.9 | 7.0 | 7.0 | 7.0 |
| Non-interest bearing liabilities as % of sales | 13.9 | 14.2 | 17.9 | 18.6 | 18.0 | 18.0 | 18.0 |
| NWC/sales, % | 12.0 | 9.1 | 6.8 | 6.4 | 7.0 | 7.0 | 7.0 |
| Operative CAPEX/sales, % | 1.0 | 9.0 | 11.2 | 3.1 | 12.1 | 9.1 | 8.8 |
| CAPEX/sales (incl. acquisitions), % | 1.0 | 9.0 | 11.2 | 3.1 | 12.1 | 9.1 | 8.8 |
| FCFF/EBITDA | 1.5 | 1.0 | 0.8 | 0.8 | 0.7 | 0.8 | 0.8 |
| Net debt/EBITDA, book-weighted | 0.9 | 0.4 | -0.1 | -0.6 | -0.3 | -0.4 | -0.6 |
| Debt/equity, market-weighted | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity ratio, book-weighted | 42.7 | 40.1 | 45.7 | 52.2 | 45.0 | 50.0 | 52.4 |
| Gearing, % | 34.3 | 30.7 | -3.2 | -38.9 | -16.6 | -24.9 | -31.0 |

COMPANY DESCRIPTION: Marimekko is a Finnish lifestyle design house founded in 1951. The company is known for its original prints and colors. The company's product categories consist of high-quality clothing, bags and accessories as well as home décor items. Marimekko's products are sold in about 40 different countries, Finland and Asia being the largest market areas. The company has approximately 150 stores worldwide.

INVESTMENT CASE: Marimekko has a strong and unique brand which is enjoying great popularity in Finland and increasingly abroad. The company's growth strategy relies on international expansion and attracting a broader audience, which should support growth and through improved volumes margin improvement. E-commerce and brand collaborations offer further margin expansion potential.

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|--|------------|---------|------|
| PowerBank Ventures Oy | 1,017,700 | 13.291 | 2.5% |
| Varma Mutual Pension Insurance Company | 385,388 | 5.033 | 0.9% |
| Enrooth Anna Sophia | 330,377 | 4.315 | 0.8% |
| Evli Finnish Small Cap Fund | 266,021 | 3.474 | 0.7% |
| Veritas Pension Insurance Company Ltd. | 100,000 | 1.306 | 0.2% |
| Oy Talcom Ab | 97,420 | 1.272 | 0.2% |
| Oy Etra Invest Ab | 85,000 | 1.110 | 0.2% |
| Ten largest | 2,281,906 | 29.802 | 6% |
| Residual | 38,339,474 | 500.714 | 94% |
| Total | 40,621,380 | 530.515 | 100% |

EARNINGS CALENDAR

| | |
|-------------------|-----------|
| August 17, 2022 | Q2 report |
| November 02, 2022 | Q3 report |

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Tel: +358 9 75 871

IR: Anna Tuominen

DEFINITIONS

| | | | |
|-----------------------|--|---------------------------|---|
| P/E | $\frac{\text{Price per share}}{\text{Earnings per share}}$ | EPS | $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$ |
| P/BV | $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$ | DPS | Dividend for the financial period per share |
| Market cap | Price per share * Number of shares | OCF (Operating cash flow) | EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments |
| EV (Enterprise value) | Market cap + net debt + minority interest at market value – share of associated companies at market value | FCF (Free cash flow) | Operating cash flow – operative CAPEX – acquisitions + divestments |
| EV/Sales | $\frac{\text{Enterprise value}}{\text{Sales}}$ | FCF yield, % | $\frac{\text{Free cash flow}}{\text{Market cap}}$ |
| EV/EBITDA | $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$ | Operative CAPEX/sales | $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$ |
| EV/EBIT | $\frac{\text{Enterprise value}}{\text{Operating profit}}$ | Net working capital | Current assets – current liabilities |
| Net debt | Interest bearing debt – financial assets | Capital employed/Share | $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$ |
| Total assets | Balance sheet total | Gearing | $\frac{\text{Net debt}}{\text{Equity}}$ |
| Div yield, % | $\frac{\text{Dividend per share}}{\text{Price per share}}$ | Debt/Equity, % | $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$ |
| Payout ratio, % | $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$ | Equity ratio, % | $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$ |
| ROCE, % | $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$ | CAGR, % | Cumulative annual growth rate = Average growth per year |
| ROE, % | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | | |

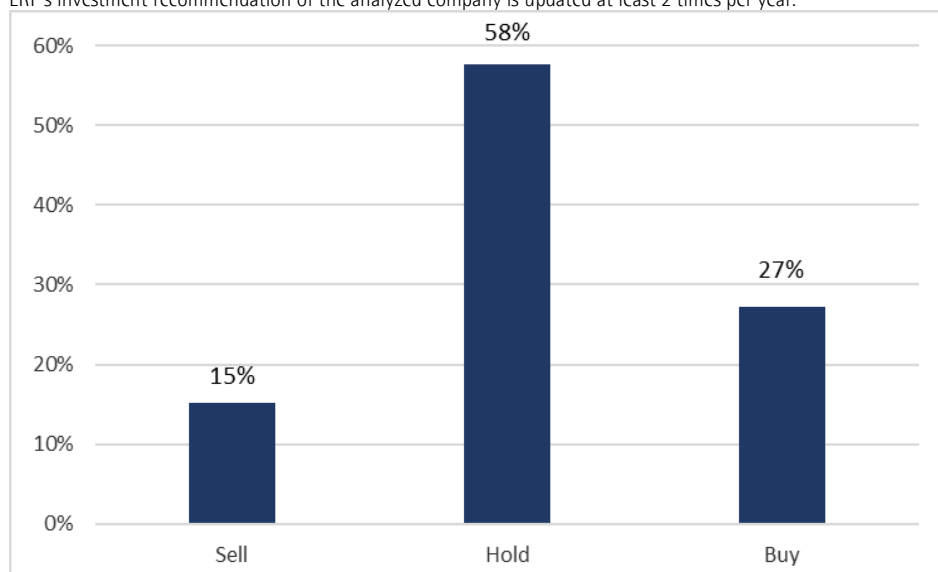
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Investment recommendations are defined as follows:

| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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Name(s) of the analyst(s): Heikura

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